

Best Procedure to Form a Private Limited Company in India



Let's begin with the basic definition of a private limited company.

Determining the appropriate company structure while company registration is crucial when beginning a business. You can expand more by streamlining different business activities. It is legally required to register your business as a specific sort of company if you have a business idea and want to launch it in India.

A privately held, legally recognised corporate entity that is owned by individual shareholders is referred to as a “private limited company.” According to Section 2(68) of the 2013 Companies Act, the legal terms of this type of business are defined. In addition, it guarantees minimal shareholder liability and financial transparency (in relation to the number of shares held by them).

You should also be aware of:

1. Additional categories for private limited firms include those that are limitless, limited by shares, or limited by guarantee.
2. The maximum membership is 200.
3. A private limited corporation can be incorporated with as few as two directors.

Benefits of setting up a private limited company:

1. You will have limited responsibility as a company member when you form a private limited company. Additionally, it indicates that

the owners of the company are not in danger of losing their own assets.

2. You can establish a private limited corporation with just two shareholders, unlike a public business, which needs more.
3. A private limited company has continuous existence and maintains its status as a legal person until it entirely dissolves. Even after the departure or passing of any fundamental members, it still exists.

The Documentation needed to form a private limited corporation

The following documents are required for Company Registration – Private Limited Company:

- Identity documentation for foreign and Indian directors
- (Aadhar card, driver's license, ration card, voter ID)
- evidence of residence (Electricity bill or bank statement)
- NOC or a No Objection Certificate from the property owner, a notarized rental agreement
- Copy of a property deed or a sale deed

The procedures for Company forming a private limited company

Once you've decided on a company name for your venture, take the following actions to form a private limited company:

- **Apply for a certificate of digital signature (DSC).**
Obtaining a DSC for yourself is the first stage in the registration process for a corporation. In order to file e-forms and submit tax returns, the board of directors or managing director of the private firm must have their own DSC. Such employees can verify or identify papers being sent to the government using the DSC as a form of identification mark or verification.
- **Request the availability of your company name and the DIN check.**

The Ministry of Corporate Affairs issues each director of a company a special identifying number known as a DIN, or Director Identification Number. Unless the MCA withdraws, surrenders, or removes the number, it is active forever. To register the firm, each of the directors must obtain a special DIN for themselves.

Therefore, it is acceptable to assume that a DIN is required in order to serve as a director of a legally registered company. It is also relevant when a director assumes leadership as the chosen partner of an LLP or is assigned to another firm.

- **Request the availability of your company name**

A business must come up with a distinctive name for itself before it can submit an incorporation application. The directors must use e-Form INC-1 to submit an application asking to reserve a certain name while Company Formation- Private Limited Company in order to do this. The directors are responsible for making sure the proper documentation is completed and the necessary processing costs have been paid.

- **Get your certificate of incorporation.**

Once a suitable name has been secured, the business must submit an incorporation application. Additionally, it must submit a SPICe forms online application for the Company registration of a private limited business in India (simplified proforma for incorporating companies electronically).

The private limited company's Memorandum of Association (MoA) and Articles of Association (AoA) must be drafted by the officials. The MoA outlines the company's operational parameters, sets forth its goals, and identifies its activities. On the other hand, the AoA outlines the company's operational structure and how its management will carry out its duties. Following their authentication by attaching DSCs, both of these papers must be listed in the SPICe forms. The company will obtain a Certificate of Incorporation, which contains the PAN of the newly created company, if the RoC approves the application and is pleased with it.

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